



## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability

System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
<b>Retirement Systems of Alabama</b>				Increase statutory max amortization period from 20 years to 30		
<b>Arizona SRS</b>	Employee and employer contributions are matched and adjusted annually based on actuarial results; they rose on 7/1/10 from 9.0% to 9.6%; this includes the retiree health insurance benefit.	For new hires: <ul style="list-style-type: none"> <li>• Change from Rule of 80 to Rule of 85</li> <li>• Change FAS from high 3 years to high 5</li> <li>• Eliminate access to ER contributions for terminating participants</li> </ul> Also, <ul style="list-style-type: none"> <li>• Made service purchases cost-neutral</li> <li>• Decreased interest rate paid on refunds</li> <li>• Requiring ERs to pay ASRS for early retirement incentives</li> <li>• Rescinded modified DROP Program</li> </ul>	Early retirement provisions revised commensurate with change in normal retirement eligibility			
<b>California PERF</b>	State employee contributions, which for most workers are set in labor contracts, are rising by 2% to 5% of pay for most employees, depending on bargaining unit and employee classification.	For new hires: <ul style="list-style-type: none"> <li>• Increased final average salary period from one year to three</li> <li>• For general state employees, higher normal retirement age, from 55 to 60</li> <li>• For state public safety employees, lower retirement multiplier, from 3.0% to 2.5% or 2.5% to 2.0%; and higher retirement age, from 50 to 55, depending on employee classification</li> </ul>				PERF is an agent plan with many state and local employers. The changes shown here affect state employees; other employers have also made changes to benefits, contributions, or both.

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<b>Colorado PERA</b>	Employee and employer contribution rates will rise incrementally for several years.	<ul style="list-style-type: none"> <li>Lower auto-COLA for existing retirees, to lesser of CPI-W or 2.0%</li> <li>Require future retirees to be retired for 1 year before receiving a COLA</li> <li>5-year service credit required on 50% employer match on contribution refunds, effective 1/1/11</li> </ul>	Increased actuarial reduction for early retirement		Proposed changes were preceded by a statewide listening tour	A group of retirees has filed suit opposing the COLA reduction; bill also includes an anti-spiking provision.
<b>Illinois statewide plans (except judges and legislators)</b>		For new hires as of 1/1/11: <ul style="list-style-type: none"> <li>Normal retirement age increases to 67, from 60</li> <li>Minimum retirement age set at 62</li> <li>FAS basis is now highest 8 of last 10 years, up from final 4</li> <li>Limits pension benefit to 75% of FAS or \$106,800, indexed to the lesser of 3% or half of CPI</li> <li>COLAs will be lesser of 3% or half of CPI, non-compounded, from current auto 3% compounded</li> <li>COLAs begin at age 67</li> </ul>	Early retirement provisions revised commensurate with change in normal retirement eligibility			Suspends pension benefits for those who return-to-work for another public employer in the state.
<b>Iowa PERS</b>	Contribution rates will rise incrementally, from 4.7% to 5.3% for EEs and 7.25% to 8.15% for ERs. Thereafter, the board has authority to adjust the total rate by up to 1%.	<ul style="list-style-type: none"> <li>Vesting period for those not vested (currently 4 years) on 7/1/12 will increase to 7 years.</li> <li>Increased FAS period from 3 years to 5</li> </ul>	Increased actuarial reduction for early retirement			

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<b>Kentucky TRS</b>		For new hires after 6/30/08: <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from 55/5 to 55/10; retained 60/27</li> <li>Established graduated retirement factor schedule that is lower for those who accrue less than 30 years of service, beginning with 1.7% for 10 years and less</li> </ul>	Increased actuarial reduction for early retirement			
<b>Michigan Public School ERS</b>		New school system hires will have a hybrid plan instead of the current DB plan				Reform bill includes an early retirement incentive, creating a window during which retiring school EEs will receive a bump in retirement benefit and payments toward a retiree health care benefit.
<b>Minnesota PERA</b>	Employer contribution rates will rise from 7.0% to 7.25% and employee contributions will rise from 6.0% to 6.25%, on 1/1/11.	<ul style="list-style-type: none"> <li>Reduction in COLA for existing retirees from 2.5% to 1.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> <li>Increase in vesting period, from 3 years to 5</li> </ul>			Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	A lawsuit has been filed against the COLA reduction.

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<b>Minnesota SRS</b>		<ul style="list-style-type: none"> <li>Reduction in COLA for existing retirees from 2.5% to 2.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> <li>Increase in vesting period, from 3 years to 5</li> </ul>		Extended amortization period from 2020 to 2040.	Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	A lawsuit has been filed against the COLA reduction.
<b>Minnesota Teachers</b>	Employer and employee contributions will rise by 0.5% each year, from 5.5% each to 7.5%, phased over 4 years. After the phase-in, the TRA board has authority to adjust future rates (within limits) should the system have a contribution deficiency or sufficiency.	<ul style="list-style-type: none"> <li>For existing retirees, 2-yr suspension of COLA followed by permanent reduction in COLA from 2.5% to 2.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> </ul>			Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	A lawsuit has been filed against the COLA reduction.
<b>Mississippi PERS</b>	Raised contribution rates for all employees by 1.75%.	<p>For new hires after 7/1/11:</p> <ul style="list-style-type: none"> <li>Retirement eligibility will be based on 30 years, up from 25</li> <li>Effective 7/1/11, ERs will be required to pay contributions on any re-employed retiree, and a 90-day break in service will be required (up from 45, with an emergency provision).</li> <li>Effective 7/1/10, local elected officials who retire and continue in office must meet the minimum in-service</li> </ul>			<p>An ad hoc committee of the MS PERS board has been established to look at the overall sustainability of PERS and its benefits, with the following objectives:</p> <ul style="list-style-type: none"> <li>What is a career in public service?</li> <li>How much should the benefit be following that career?</li> </ul>	Statute requires increase in EE rate to be accompanied by commensurate benefit increase; because approved benefit improvement was minor, a legal challenge is likely

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		distribution age as prescribed by the IRS. Additionally, the ER must pay the ER contributions on the salary in effect for the position at retirement.			<ul style="list-style-type: none"> <li>♦ What is an appropriate amount for the EE and ER to pay to fund that benefit? It is expected that the PERS will develop a legislative packet for 2011 based on the outcome of this committee.</li> </ul>	
<b>Missouri State ERS</b>	New hires as of 1/1/11 will be required to contribute 4% of pay; plan currently is non-contributory.	For new hires as of 1/1/11: <ul style="list-style-type: none"> <li>• 10-year vesting (from 5)</li> <li>• Normal retirement at age 67 or Rule of 90 at age 55 (from 62 or Rule of 80 at any age)</li> </ul>	For new hires as of 1/1/11: <ul style="list-style-type: none"> <li>• Age 62 with 10 yrs of service (from 57/5)</li> </ul>			
<b>Nevada PERS</b>		For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>• New minimum retirement age</li> <li>• Lower multiplier</li> <li>• Anti-spiking provision</li> </ul>	Increased actuarial reduction for early retirement			Changes were made in '09 and reflected a consensus among affected groups. Changes apply to all participants.
<b>New Jersey Division of Pension and Benefits</b>	Requires, for the first time, contributions of 1.5% from current participants for retiree health care benefits	For new hires: <ul style="list-style-type: none"> <li>• Reduces retirement factor for general EEs and teachers from 1.82 to 1.67</li> <li>• Increases FAS period for general EEs and teachers from 3 years to 5, and for public safety workers from 1 year to 3</li> <li>• Limits use of sick leave payouts for pension benefits</li> </ul>				

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		and limits access to DB plan for part-time workers.				
<b>New Mexico Educational Retirement Board</b>	For EEs earning \$20k and more, increased EE contribution rate by 1.5% and reduced ER rate by same amount.	For new hires after 6/30/09: <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from any age w/25 years of service to any/30, from Rule of 75 to Rule of 80, and 65/5 to 67/5</li> </ul>				
<b>New Mexico PERA</b>	Increased EE contribution rate by 1.5% and reduced ER rate by same amount.	For new hires after 6/30/10: <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from any age w/25 years of service to any/30. Retained retirement eligibility of Rule of 80 and 67/5</li> </ul>			An interim legislative task force is reviewing all retirement-plan benefit structures and will make recommendations to the legislature. PERA anticipates that changes to the retirement-plan provisions will be introduced in the 2011 legislative session.	
<b>New York State &amp; Local RS</b>	Most new hires must now make contributions of 3% their entire career, instead of only first 10 yrs	For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>10-year vesting, from 5</li> <li>Limit on use of OT in benefit calculation</li> </ul>	Increased actuarial reduction for early retirement			
<b>New York State TRS</b>	New hires must now make contributions of 3.5% their entire career, instead of only first 10 years.	For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>10-year vesting, from 5</li> <li>Full retirement factor of 2.0% after 25 years of service, up from 20</li> <li>Normal retirement at age 57 with 30 years of service, up from age 55</li> <li>Limit on use of OT in benefit</li> </ul>	Increased actuarial reduction for early retirement			

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		calculation				
<b>North Carolina RS</b>					Blue ribbon study commission is taking a bottom-up look at retirement benefits; results scheduled for November	NCRS benefits and costs are modest already
<b>Rhode Island</b>		Reduced benefits for state EEs, teachers and judges not eligible to retire on or before 9/30/09, by increasing retirement age to 62 with a methodology that proportionally changes age requirement based on years of service, so the closer one is to retirement, the less the impact. Also, increased FAS period from 3 years to 5 and reduced COLA to lesser of CPI or 3.0%.				A group of public employee unions has filed suit against the benefit reductions.
<b>South Dakota RS</b>		<ul style="list-style-type: none"> <li>New COLA format, affecting existing retirees, based on plan funding level</li> <li>Eliminate first-year pro-rated COLAs</li> <li>Reduce refunds of ER contributions</li> </ul>				New limits on return-to-work
<b>Texas ERS</b>		For new hires, retirement eligibility increases to age 65 with 10 years of service, from 60/5				Changes made in '09 and are similar to those made in '07 for the TRS of Texas
<b>Utah RS</b>	Plan currently is non-contributory. New hybrid plan is projected to cost 7.5%. ERs will fund first	<ul style="list-style-type: none"> <li>New hires as of 1/1/11 will have their choice of DC or hybrid, and employers will fund the first 10% of either.</li> </ul>			State will be studying projected costs of approved changes and may make additional	

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	10% of the hybrid or the DC plan. Difference between the cost of the hybrid and 10% is deposited into EEs' DC account. If the cost of the hybrid exceeds 10%, EEs will pay the difference.				changes	
<b>Vermont TRS</b>	Raises contributions for current employees from 3.54% to 5.0%.	For current teachers 5 years or more from normal retirement eligibility: <ul style="list-style-type: none"> <li>raises normal retirement to 65 or Rule of 90, from 62 or any/30</li> <li>increases max benefit to 60% of FAS, from 50%</li> <li>increases multiplier for those w/20 years of service, to 2.0 from 1.67</li> </ul>	Increases penalties for early retirement			Also increases limits on maximum permissible benefit and includes anti-spiking provision.
<b>Virginia RS</b>	New hires as of 7/1/10 will be required to make contributions, of 5%	For new hires as of 7/1/10: <ul style="list-style-type: none"> <li>Normal retirement age tied to Social Security retirement age, from 65</li> <li>Lower auto-COLA</li> <li>FAS of 5 years, up from 3</li> </ul>	Early retirement provisions revised commensurate with change in normal retirement eligibility			Will continue as non-contributory for existing employees